

# **State of Alaska FY2003 Governor's Operating Budget**

## **Department of Natural Resources Water Development Component Budget Summary**

## Component: Water Development

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### Component Mission

To facilitate the development and stewardship of Alaska's water resources.

The work within the Water Development Budget Component is intended to accomplish three outcomes:

- I. Protect and Provide for Water Property Rights
- II. Provide Technical Hydrologic Support
- III. Ensure Safe Operation and Construction of Jurisdictional Dams

### Component Services Provided

This component has three projects:

- Water Management, which provides water rights and temporary water use authorizations to industry and individual Alaskans;
- Hydrologic Survey, which provides scientific hydrologic expertise and maintains hydrologic data for use by state government and the public;
- Dam Safety, which protects public safety and property protection through ensuring safe dams.

#### WATER MANAGEMENT

**WATER RIGHTS.** A water right is a property right necessary to establish legal standing against future water users and those current water users who never applied for a water right. Staff adjudicates the application to ensure that granting the water right will not impair the rights of other water right holders and that the water right is in the public interest (i.e., that it will not have a significant adverse effect on the environment). Adjudication includes public and agency notice of the application, resolving conflicting permit terms and conditions, and compliance with land use and coastal zone plans. A representative year of application filings would include approximately 250 water right applications such as: 10 commercial hydroelectric projects (primarily in SE Alaska); 25 oil and gas projects (North Slope and Cook Inlet), 2 seafood processing facilities, 75 for lodges, fish hatcheries, stores, golf courses, logging camps, ski areas and commercial projects; 35 mining operations; 15 village and community water systems; 10 public buildings (schools, state and federal offices, hospitals and camp grounds), 15 for instream flow (primarily ADF&G and USF&WS ), 75 residential homes and 1 bulk water export.

The Unit also asserts the state's interest and authority in water allocation issues raised by federal actions, protects the rights of other water appropriators in adjudication of federal reserved water rights, and maintains availability of unappropriated water for future development against *de facto* water allocations by actions of federal agencies. It also adjudicates applications for reservations of instream flow where significant state interest is involved and budget limitations allow.

**TEMPORARY WATER USE PERMITS.** A temporary water use authorization is required when a significant amount of water is needed for a short-term project such as highway construction or reconstruction, or oil and gas exploration. (No water rights are granted under a temporary water use authorization.) Unless the project is in a water shortage area, within the coastal zone, involves a salmon spawning or other high value fish habitat, is controversial or is unusually complex, a temporary water use permit is completed within approximately 30 days of receipt. Permits within the coastal zone typically require a minimum 60 days.

#### OTHER:

- *Water Right Data and Records.* Staff maintains files on more than over 17,000 adjudicated water property rights, water use files and pending applications.
- *Other Water Right Related Tasks.* Staff responds to complaints, appeals, and litigation about water use or misuse. The FY03 budget allows for reaction to complaints of significant state interest only. Staff will also receive over 400 requests for information and data. Because of staff limitations, public assistance will be limited to requests that are of significant state interest.

## HYDROLOGIC SURVEY

**PERMIT REVIEW AND RESOLUTION OF LEGAL ISSUES.** Staff of the Alaska Hydrologic Survey provides the basic hydrologic expertise for the DNR. Staff is used extensively to provide the hydrologic expertise for water right adjudication and elsewhere where hydrologic expertise is needed. Staff is expected to provide scientific hydrologic data and analysis to 550 new and on-going projects requiring ADNR permitting. The division is the primary client for hydrologic staff for help with questions concerning the mining industry, land management issues, and water rights permitting. Other divisions within ADNR also request assistance with the collection, interpretation and analysis of hydrologic data in their permitting process. Outside of ADNR, assistance has been requested by ADF&G, ADEC, and USEPA.

### OTHER:

- *Hydrologic Investigation/Report And Data Collection.* Staff investigate a water resource issue or problem important to a particular project or industry. Often these are funded through a cooperative agreement with the industry or project. For example, staff are working cooperatively with Alyeska Resort in the collection of stream flow data needed in conjunction with its snow making operation. Snowmaking allows the resort to open a month or more earlier, providing for a longer.
- *Technical Assistance And Hydrologic Data Search And Retrievals.* Staff update, search, and retrieve data contained within the databases maintained for the public and for government. Staff maintain three primary databases. The Well Log Tracking System (WELTS) has ground water information on approximately 25,000 water wells throughout the state. Homeowners, communities, municipalities, consultants, and state and federal agencies seek these data which has just recently been made available on-line.. The Alaska Water Use Database System (AKWUDS) is the only comprehensive database in the state with information on community water use. In addition to information on public water supply, data on industrial use such as oil & gas production, seafood processing and hydroelectric production are available. It currently has several thousand-station years of record (a year of data for a single station). Agencies use this data category when seeking assistance with planning efforts dealing with community-based needs for water. The Alaska Rivers Information Database (ARID) contains data on more than 14,000 surface water bodies in Alaska. The ARID system is a primary source of information with regard to property ownership issues in navigability and hence is relied upon by ADNR navigability program. Approximately 375 (50% of total requests) requests for data retrieval are accompanied with a request for data interpretation or analysis.

## DAM SAFETY

The Dam Safety Unit has a staff of one, who completes the following actions:

- *Periodic Safety Inspections Of Jurisdictional Dams.* State laws require that dam safety inspections be conducted every three years for Class I and II dams, and every five years for Class III dams. These inspections are typically conducted by a private professional engineer and reviewed by the State.
- *Certificates of Approval to Construct, Repair, or Operate a Dam.* Before work begins on a dam, it must be approved by the state to assure that the dam will be built and operated safely. The cycle time for the authorization is approximately 6 months from application to issuance.
- *Safe and Effective Emergency Response to Dam Failures.* Dam Safety regulations require Emergency Action Plans for all Class I and II dams. These plans are implemented in case of a dam failure. Less than 20% the Class I and II dams in the state have a current Emergency Action Plan; DMLW is enforcing the requirement for these important plans.
- *Other Dam Safety Related Work.* The Unit also provides engineering assistance for technical review of related work in DNR (such as unregulated dams at mines and other private dam owners, and engineering problems associated with active and abandoned mining operations).

## Component Goals and Strategies

### OUTCOME: I. PROTECT AND PROVIDE FOR WATER PROPERTY RIGHTS

Water Management unit encourages the maximum use of Alaska's water consistent with the public interest by providing certainty and security of rights, reduced risk for investment, and reduced transaction costs. The Unit adjudicates water rights, issues temporary water use permits, and maintains the water right records database.

During the legislative discussion of HB 185 and the related funding changes, the Division established performance goals for the water rights program. These goals are to have the typical new water right application processed within 60 days, and the typical new temporary water use authorization processed within 20 days. The Division expects to first achieve these goals in late spring 2002. In addition, the Division expects to eliminate the water rights backlog within five years.

This will be a huge improvement from the service levels of previous years.

To achieve these performance measures the Division promulgated streamlining regulations in August, 2001. During winter or early spring 2002, the Division expects to propose fee regulations to implement the fee provisions of HB 185.

#### OUTCOME: II. PROVIDE TECHNICAL HYDROLOGIC SUPPORT

Hydrologic Survey provides scientific technical data, analysis, and interpretation of hydrologic information. The Survey collects and assembles ground and surface water quantity and quality data required for resource development and the orderly use of Alaska's water resources for domestic, community, commercial, and conservation purposes. In FY03, DMLW expect to provide hydrologic information, data, and evaluations for 575 water permits, mining issues and legal issues; provide hydrologic investigations and assistance to 175 customers; provide hydrologic data to 725 customers; and assist 400 customers with data evaluation and interpretation. DMLW will also enter approximately 4050 new hydrologic data points to its existing databases.

#### OUTCOME: III. SAFE OPERATION AND CONSTRUCTION OF JURISDICTIONAL DAMS

Dam Safety assures the continuing safety of all non-federally owned dams and dams not regulated by the Federal Energy Regulatory Commission. The National Flood Insurance Program provides a flood insurance premium rate discount to all communities in Alaska because of the state dam safety program. A well administered dam safety program protects lives, property, and natural resources. In FY03 this unit will review or perform 12 periodic dam safety inspections; issue 15 certificates to construct, modify or operate a jurisdictional dam; and review and test up to 4 emergency action plans for significant or high hazard dams. The unit will also provide engineering assistance to the Mining and Land Section's of the Division.

Additional output and measurement information for the component is available upon request from DNR Admin Services Manager (Nico Bus 465-2406).

### Key Component Issues for FY2002 – 2003

The fundamental issue facing the Water Development component is achieving the performance goals outlined by the legislature during last year's discussion of HB 185: a typical new water right application processed within 60 days, and a typical new temporary water use authorization within 20 days. To achieve these performance goals, the Division must implement a three-part solution, described below.

**1. Do Business More Efficiently.** To this end the Department proposed new regulations. The comment period on these regulations ended October 22, 2001. The new regulations will allow staff to focus on proposed water withdrawals that DNR, DEC, or DF&G determine are likely to endanger the environment. Any water right application of significant state interest would be adjudicated under current law. Staff estimates that the streamlining processing for applications not considered to be a significant amount of water would apply to as many as 65% of the applications filed in a year.

**2. More Staff.** As part of the fiscal note to HB 185, the Department received additional funding to hire an adequate staff to run the water rights program. The present staff of 9 (5 new positions added in FY02) is adequate to provide reasonable turn-around time for new water right applications under the proposed regulations. This additional staffing will allow the Division to adjudicate all new water right applications, temporary water use authorizations and eliminate the backlog in 5 years. Instream flow water right applications are not included in the backlog elimination project. Training of new staff will be a priority.

**3. Secure Funding Source.** Under HB185 the legislature approved a fee structure for the Department to generate the necessary funding in FY03 and future years. The fee would charge applicants the reasonable direct cost associated with the adjudication of an application for water rights or temporary water use authorization and other water right related tasks. The fees would be relatively modest for most users to reflect the fact that in many locations throughout the state, water is not a scarce resource. Fee regulations to implement this part of HB 185 will be promulgated this year.

## **Major Component Accomplishments in 2001**

In FY 01, the Water Management Unit issued approximately 100 water rights (permits to appropriate or certificates of appropriation). This is considerably less than the approximately 250 water right applications received and is part of the significant backlog facing the Division. The unit does not have a backlog for Temporary Water Use Authorizations and issued 151 in FY 01. Finally, the unit responded to 10 federal actions involving water rights. These accomplishments reflect the fact that statewide only 4 individuals worked on water right and temporary water use during this year.

The Hydrologic Survey Unit provided Division staff with hydrologic information, data, and evaluations for 550 water permits, mining issues and legal issues; provided hydrologic investigations and assistance to 150 customers; provided hydrologic data to 700 customers; and assisted 375 customers with data evaluation and interpretation. Entered 14,000 new hydrologic data points to its existing databases.

The Dam Safety and Construction Unit reviewed or performed 11 periodic dam safety inspections; issued 14 Certificates to Construct, Modify or Operate a Jurisdictional Dam; and reviewed and tested 2 Emergency Action Plans for high hazard dams. The unit also provided engineering assistance to the Mining Section and Surface Coal Mining unit for projects at Usibelli Coal Mine, Illinois Creek Gold Mine, and Pogo exploration sites.

## **Statutory and Regulatory Authority**

The Water Development Component operates under the following statutory and regulatory authority:

### **Statutory**

AS 46.15.020-.970

AS 35.05.965

As 46.17.010-.900

AS 41.08

### **Regulatory**

11AAC 05.010 and 11 AAC 93.040-.970

## Water Development

### Component Financial Summary

*All dollars in thousands*

|  | FY2001 Actuals | FY2002 Authorized | FY2003 Governor |
|--|----------------|-------------------|-----------------|
| <b>Non-Formula Program:</b>                |                |                   |                 |
| <b>Component Expenditures:</b>             |                |                   |                 |
| 71000 Personal Services                    | 779.3          | 1,042.9           | 1,075.5         |
| 72000 Travel                               | 15.1           | 31.7              | 41.7            |
| 73000 Contractual                          | 55.1           | 152.7             | 187.7           |
| 74000 Supplies                             | 57.7           | 26.3              | 26.3            |
| 75000 Equipment                            | 0.5            | 7.0               | 7.0             |
| 76000 Land/Buildings                       | 0.0            | 0.0               | 0.0             |
| 77000 Grants, Claims                       | 0.0            | 0.0               | 0.0             |
| 78000 Miscellaneous                        | 0.0            | 0.0               | 0.0             |
| <b>Expenditure Totals</b>                  | <b>907.7</b>   | <b>1,260.6</b>    | <b>1,338.2</b>  |
| <b>Funding Sources:</b>                    |                |                   |                 |
| 1002 Federal Receipts                      | 13.3           | 29.6              | 39.7            |
| 1004 General Fund Receipts                 | 655.0          | 970.9             | 906.2           |
| 1005 General Fund/Program Receipts         | 132.1          | 2.0               | 2.0             |
| 1007 Inter-Agency Receipts                 | 95.1           | 122.3             | 123.5           |
| 1053 Investment Loss Trust Fund            | 6.0            | 0.0               | 0.0             |
| 1061 Capital Improvement Project Receipts  | 1.6            | 0.0               | 0.0             |
| 1108 Statutory Designated Program Receipts | 4.6            | 0.0               | 45.0            |
| 1156 Receipt Supported Services            | 0.0            | 135.8             | 221.8           |
| <b>Funding Totals</b>                      | <b>907.7</b>   | <b>1,260.6</b>    | <b>1,338.2</b>  |

### Estimated Revenue Collections

| Description                           | Master Revenue Account | FY2001 Actuals | FY2002 Authorized | FY2002 Cash Estimate | FY2003 Governor | FY2004 Forecast |
|---------------------------------------|------------------------|----------------|-------------------|----------------------|-----------------|-----------------|
| <b>Unrestricted Revenues</b>          |                        |                |                   |                      |                 |                 |
| General Fund Program Receipts         | 51060                  | 32.0           | 0.0               | 0.0                  | 0.0             | 0.0             |
| Unrestricted Fund                     | 68515                  | 2.9            | 2.9               | 3.1                  | 3.1             | 3.3             |
| <b>Unrestricted Total</b>             |                        | <b>34.9</b>    | <b>2.9</b>        | <b>3.1</b>           | <b>3.1</b>      | <b>3.3</b>      |
| <b>Restricted Revenues</b>            |                        |                |                   |                      |                 |                 |
| Federal Receipts                      | 51010                  | 13.3           | 29.6              | 29.6                 | 39.7            | 39.7            |
| Interagency Receipts                  | 51015                  | 95.1           | 122.3             | 87.9                 | 123.5           | 88.1            |
| General Fund Program Receipts         | 51060                  | 132.1          | 2.0               | 2.0                  | 2.0             | 2.0             |
| Statutory Designated Program Receipts | 51063                  | 4.6            | 0.0               | 30.0                 | 45.0            | 45.0            |
| Receipt Supported Services            | 51073                  | 0.0            | 135.8             | 135.8                | 221.8           | 321.7           |
| Capital Improvement Project Receipts  | 51200                  | 1.6            | 0.0               | 0.0                  | 0.0             | 0.0             |
| <b>Restricted Total</b>               |                        | <b>246.7</b>   | <b>289.7</b>      | <b>285.3</b>         | <b>432.0</b>    | <b>496.5</b>    |

| Description                 | Master<br>Revenue<br>Account | FY2001<br>Actuals | FY2002<br>Authorized | FY2002<br>Cash<br>Estimate | FY2003<br>Governor | FY2004<br>Forecast |
|-----------------------------|------------------------------|-------------------|----------------------|----------------------------|--------------------|--------------------|
| Total Estimated<br>Revenues |                              | 281.6             | 292.6                | 288.4                      | 435.1              | 499.8              |

## Water Development

### Proposed Changes in Levels of Service for FY2003

The new statutes, proposed streamlining regulations, proposed fee regulations along with the \$300.0 GF increment approved in FY02 allows DMLW to process and adjudicate all new applications and other required actions received in any one year. In addition, DMLW would eliminate the backlog of water rights actions and other required related actions within four years. For most water users, the cycle time would decrease from a few years to just 60 days.

This level of service will likely be achieved at the very end of FY02. We expect to continue it through all of FY03 and beyond.

The fund source switch from GF to Receipt supported services of \$84.2 is based on SLA 2001, CH 185 which created a separate account for the water program.

This budget is increased by \$10.0 in federal receipts from FEMA grants, and an additional \$45.0 was added in Statutory Designated Receipts for the technical review of dam safety projects funded by industry.

### Summary of Component Budget Changes

#### From FY2002 Authorized to FY2003 Governor

*All dollars in thousands*

|   | <u>General Funds</u> | <u>Federal Funds</u> | <u>Other Funds</u> | <u>Total Funds</u> |
|---|----------------------|----------------------|--------------------|--------------------|
| <b>FY2002 Authorized</b>  | <b>972.9</b>         | <b>29.6</b>          | <b>258.1</b>       | <b>1,260.6</b>     |
| <b>Adjustments which will continue current level of service:</b>                          |                      |                      |                    |                    |
| -Year 3 Labor Costs - Net Change from FY2002  | 19.5                 | 0.1                  | 3.0                | 22.6               |
| -State Water Use Fund Source Switch to Receipt Supported Services (CH100 SLA2001 - HB185) | -84.2                | 0.0                  | 84.2               | 0.0                |
| <b>Proposed budget increases:</b>   |                      |                      |                    |                    |
| -Dam Safety Technical Review of Large Projects  | 0.0                  | 0.0                  | 45.0               | 45.0               |
| -Dam Safety Inspections funded from FEMA Grants   | 0.0                  | 10.0                 | 0.0                | 10.0               |
| <b>FY2003 Governor</b>  | <b>908.2</b>         | <b>39.7</b>          | <b>390.3</b>       | <b>1,338.2</b>     |



## Water Development

## Personal Services Information

| Authorized Positions |                   | Personal Services Costs |                                |                  |
|----------------------|-------------------|-------------------------|--------------------------------|------------------|
|                      | <u>FY2002</u>     | <u>FY2003</u>           |                                |                  |
|                      | <u>Authorized</u> | <u>Governor</u>         |                                |                  |
| Full-time            | 15                | 15                      | Annual Salaries                | 803,174          |
| Part-time            | 0                 | 0                       | COLA                           | 18,649           |
| Nonpermanent         | 0                 | 0                       | Premium Pay                    | 0                |
|                      |                   |                         | Annual Benefits                | 280,684          |
|                      |                   |                         | Less 2.45% Vacancy Factor      | (27,007)         |
|                      |                   |                         | Lump Sum Premium Pay           | 0                |
| <b>Totals</b>        | <b>15</b>         | <b>15</b>               | <b>Total Personal Services</b> | <b>1,075,500</b> |

## Position Classification Summary

| Job Class Title            | Anchorage | Fairbanks | Juneau   | Others   | Total     |
|----------------------------|-----------|-----------|----------|----------|-----------|
| Hydrologist II             | 3         | 1         | 0        | 0        | 4         |
| Hydrologist III            | 1         | 0         | 0        | 0        | 1         |
| Natural Resource Mgr I     | 1         | 0         | 0        | 0        | 1         |
| Natural Resource Mgr III   | 1         | 0         | 0        | 0        | 1         |
| Natural Resource Off I     | 2         | 0         | 1        | 0        | 3         |
| Natural Resource Off II    | 1         | 1         | 1        | 0        | 3         |
| Natural Resource Tech I    | 1         | 0         | 0        | 0        | 1         |
| Tech Eng II / Architect II | 1         | 0         | 0        | 0        | 1         |
| <b>Totals</b>              | <b>11</b> | <b>2</b>  | <b>2</b> | <b>0</b> | <b>15</b> |